

EXHIBIT G

In The Matter Of:
*U.S. Securities and Exchange Commission v.
Elek Straub, Andras Balogh and Tamas Morvai*

*Elek Straub
Vol. I
July 31, 2014*

*Behmke Reporting and Video Services, Inc.
160 Spear Street, Suite 300
San Francisco, California 94105
(415) 597-5600*

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1 target. It was always depending everything on 2 the concrete situation in that given time. So, 3 so we were prepared for such a situation, and we 4 don't really laid back knowing that there is an 5 agreement. There was no agreement. There were 6 intentions that were, let's say, assumptions and 7 promises made each other, but no firm agreements 8 as you would call something legally binding. 9 Q. Uh-huh? 10 A. So, so it was very well possible that, 11 that despite the fact that at a meeting where 20 12 people are around the table somebody says that, 13 yes, we will do this or that; next day the 14 situation has changed. So it was a moving thing, 15 yes. 16 Q. Okay. And one of the issues that was 17 important to the government of Macedonia was the 18 payment of the dividends; is that right? 19 A. Yes. It was important for them, but it 20 was the same time important for us for the 21 reasons I have I think earlier explained to you. 22 We were fairly, fairly nervous having more than 23 100 million euros in that country, which on its 24 own was very shaky, very difficult. Banking 25 system very weak. So all in all, it was better	1 pay dividends if the regulatory regime is 2 according to the assumptions in the business 3 plan, but the connection between these two 4 elements is clear, yes. 5 Q. So I guess there is maybe a separation 6 between the dividend for the 2004 year and then 7 the dividend for 2005 and future years? 8 A. No. No. Unfortunately not because the 9 situation is the following: If we foresee a 10 significant deterioration of the profitability of 11 the company, then we have to make reserves for 12 the future years and not be paying out all the 13 money because then the company stands there naked 14 in the market. So practically even the amounts 15 which are in the budget or are in the -- in the 16 banks for the company, let's put it this way, 17 cannot be paid out if for the future we see a 18 significant deterioration of the budget. So it's 19 not only the future but also the present impacted 20 by the out -- business outlook, so to say. 21 Q. Okay. Now, was it also the case, 22 though, that the payment of the higher dividend 23 in 2005 gave MakTel some negotiating leverage 24 with respect to the government on all of the 25 issues that you were negotiating?	
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1 for us to see that money out of the country. 2 Q. One of the issues that was important to 3 MakTel was the implementation of bylaws that -- 4 that the company considered appropriate; is that 5 right? 6 A. It was an important element for our 7 position at that time, yes. 8 Q. So was there a concern that MakTel 9 might make the dividend payment that the 10 government wanted but then not receive the 11 appropriate bylaws that it wanted? 12 A. Let me formulate it in the following 13 way: It would have been a big problem if we are 14 paying a higher dividend with the assumption that 15 the regulatory regime would support a normal 16 business development of the company and the 17 profitability of the company because of a -- of 18 disadvantages regulation goes down. 19 So we had to be very careful to pay 20 only dividends in case we can foresee that the 21 regulatory environment is supporting the 22 profitability of the company. So I think that's 23 why I was telling because the connection is a 24 little bit the other way around. It's not that 25 we are only paying dividends if, but we can only	1 A. I think the government, and especially 2 the prime minister, was understanding that there 3 is a significant connection between the how the 4 market is regulated and how -- what are the 5 abilities of the company to pay dividends. Two 6 shareholders, I mean, Magyar Telekom and the 7 other shareholder, the government, has an 8 agreement on the fact that dividends can only be 9 paid after the level the company is profitable; 10 and the company's profitability is very much 11 depending on the regulatory regime. 12 Of course, in another hat, the 13 government, the prime minister has other 14 interests as well; but basically we are 15 negotiating with them like shareholders with 16 other shareholders. 17 Q. Do you have any understanding of how 18 the size of the proposed dividend, which as I 19 recall at this time somewhere in the neighborhood 20 of 90 million euros total? 21 A. Yes. 22 Q. So the government's share would be 23 something less than half of that? 24 A. Less than half of that. 25 Q. Forty-three, forty-four million euros?	

<p style="text-align: right;">Page 133</p> <p>1 comes to that. But of course, that's -- that was 2 thought to becoming a reality in the future only. 3 At this time we are at the very beginning of a 4 certain path.</p> <p>Q. Now why was the Macedonia MVNO, why were those provisions linked to Kosovo MVNO in this paragraph?</p> <p>8 A. Again, this is giving and taking. If 9 we can or MakTel would have been able to expand 10 its activities into another market and gaining 11 certain additional revenues with it, then it 12 would have been easier and more open to give up a 13 certain part of its business in Macedonia 14 vis-a-vis the third entrant in the form of an 15 MVNO.</p> <p>Q. Okay.</p> <p>17 A. However, let me stress because it was 18 not told until now, that these were only very 19 preliminary plans. As we know today already, 20 that nothing has been realized from this MVNO at 21 all because later on it turned out that there 22 are, let's say, arguments, business arguments 23 against it.</p> <p>Q. Now, the second sentence of this paragraph says, "Consequently, an MVNO in</p>	<p style="text-align: right;">Page 135</p> <p>1 there was already before that a successful MVNO project operating in Kosovo?</p> <p>3 A. I am not really -- word is I think 4 cannot be -- cannot be expressed the situation. 5 We were subject of the law of Macedonia and 6 subject of the decisions, so we were at maximum 7 having strong feelings against it, but at the end 8 of the day, the government had the freedom to 9 make its decision. We may have argued [sic] 10 against it. We may have shown that this is not 11 reasonable, but at the end of the day the 12 decision was in the hands of -- this was a kind 13 of harmonizing different interests in a form 14 which is acceptable for both parties.</p> <p>Q. Okay. So but at least the intentions of the parties as expressed in the Protocol of Cooperation --</p> <p>18 A. Yes.</p> <p>Q. -- was it that there would not be an MVNO in Macedonia --</p> <p>21 A. Unless.</p> <p>Q. -- unless and until there was a successfully operating MVNO already in Kosovo?</p> <p>24 A. Yes. As a pilot, yes.</p> <p>Q. Then Paragraph 2 deals with the payment</p>
<p style="text-align: right;">Page 134</p> <p>1 Macedonia shall be subject to the success of the Kosovo MVNO model."</p> <p>3 A. Yes.</p> <p>Q. What does that -- what does that mean, success of the Kosovo model?</p> <p>6 A. Financially, financially viable. It 7 proves that in that market an MVNO is viable and 8 can work and the know-how is there, and the 9 company's understanding this whole, whole 10 solution as such.</p> <p>11 The -- to run an MVNO operation is, 12 let's say, at least questionable. Whether it is 13 a rationality exists from a business point of 14 view, if experts are there who can do that, if 15 the market is accepting that as a real offer and 16 so on and so the services can be sold.</p> <p>17 Now, this was unknown at that time, and 18 so it was reasonable to say that we don't enter 19 into a bigger MVNO operation unless there is some 20 pilot proving that this is really flying.</p> <p>Q. Okay. So is it correct, then, for me to understand that -- withdrawn.</p> <p>23 Is it correct to say, then, that from 24 Magyar Telekom's position that Magyar was not 25 willing to agree to an MVNO in Macedonia unless</p>	<p style="text-align: right;">Page 136</p> <p>1 of the increased dividend.</p> <p>2 A. Yes.</p> <p>Q. And is it correct this is an agreement by Magyar Telekom that a 95 million euro dividend would be issued no later than July 4th, 2005; is that right?</p> <p>7 A. Yes.</p> <p>Q. I am sorry. I didn't hear the answer.</p> <p>9 A. Yes. It is, as it says, Matav agrees.</p> <p>10 Of course based on at least two things, based on 11 the assumption that -- that the necessary 12 decisions are made, and I think later on there 13 are some notes about that, the necessary 14 decisions by the shareholders meeting and so on.</p> <p>Q. Uh-huh.</p> <p>16 A. And of course, also pending on the fact 17 that the financial conditions of the company as 18 it is described very -- in very detailed here 19 will be as expected. Yes.</p> <p>Q. Right. Now, the paragraph, Paragraph 2 has different provisions, I believe, with respect to the 2004 dividend and the 2005 dividend; is that right?</p> <p>24 A. Yes, yes, yes.</p> <p>Q. So for the 2004 dividend it simply says</p>

<p style="text-align: right;">Page 137</p> <p>1 that the payment will be made in full within the 2 shortest legally possible timeframe no later than 3 4th of July 2005; is that right?</p> <p>4 A. Yes. But let me stress again that the 5 agreement of Matav is not enough in this case to 6 pay dividends because it has to be decided by the 7 necessary board of directors and the necessary 8 shareholders meeting of MakTel.</p> <p>9 Q. Right. And there are other provisions 10 dealing with that in the document, right?</p> <p>11 A. I think so, yes.</p> <p>12 Q. Yes. And then also the same paragraph 13 that we are talking about, Number 2, speaks to 14 the 2005 dividend --</p> <p>15 A. Yes.</p> <p>16 Q. -- is that right?</p> <p>17 And as I read it, "A dividend for the 18 subsequent financial year of the same level is 19 subject to, one, the sole discretion of the 20 shareholders of MakTel; and two, the company's 21 financial performance and condition on 31st 22 December 2005 (payable during the first half of 23 2006); and three, the reliability of the 24 regulatory framework of the telecommunications 25 market in Macedonia."</p>	<p>1 framework, then, of course, it will pay 2 dividends. So I would not really connect that in 3 the other way around.</p> <p>4 Q. Okay. But the reference to the 5 regulatory framework --</p> <p>6 A. Yes.</p> <p>7 Q. -- one component of that would be the 8 bylaws; is that right?</p> <p>9 A. One component, among many, yes.</p> <p>10 Q. But the bylaws would be an important 11 component; is that right?</p> <p>12 A. One among many.</p> <p>13 Q. So you don't think they would not be 14 important?</p> <p>15 A. Like you say, for example, the law 16 itself is more important. So I cannot measure 17 the importance of it. It's one element of the 18 regulatory framework, which is generally defining 19 how a company is regulated. Bylaws are also 20 contributing to that.</p> <p>21 Q. Right. But by the time the protocol 22 was signed, the law was already in place, right?</p> <p>23 A. Yes. But we were requesting from the 24 government to change that law. So we were in 25 discussion with the government to change that law</p>
<p style="text-align: right;">Page 138</p> <p>1 A. Yes.</p> <p>2 Q. So were those three conditions placed 3 on the payment of a comparable dividend for the 4 2005 year?</p> <p>5 A. These -- these were the general 6 conditions of any share -- so it's kind of 7 commonplace to nail these -- nail these 8 preconditions down, but because a dividend is 9 always depending on these -- on these elements 10 and, of course, that expressed here as an 11 intention for the future pending on certain 12 preconditions.</p> <p>13 Q. Is it correct to understand that -- 14 that one of the conditions for payment of a 95 15 million a year dividend in 2005 would have been 16 the implementation of appropriate bylaws with 17 respect to the telecommunications laws?</p> <p>18 A. This does not talk about the bylaws. 19 It talks about an actual requirement, and that is 20 the reliability of the regulatory framework. And 21 let me stress again the connection between the 22 payment and the regulatory framework is a little 23 bit opposite.</p> <p>24 If the company is able to produce 25 profits enough, then based also on the regulatory</p>	<p>1 because -- and I don't want to elaborate on 2 that -- we were talking. It was against the 3 concession contract. It was against the European 4 Union, the guidelines, and so on. So there were 5 several problems with it.</p> <p>6 Q. Okay. And so those discussions would 7 also have been related to the payment of -- or 8 the level of the 2005 dividend; is that right?</p> <p>9 A. No. No. Again, the -- there is only 10 one connection: How profitable the company is, 11 and based on that, how much dividend one can 12 issue. There is no other connection. If the 13 company has money, then it is paying dividends.</p> <p>14 Q. Okay. Well, but these were specified 15 as separate conditions in the protocol, right?</p> <p>16 Item Number 2 talks about the company's financial 17 performance and condition on 31st December 2005; 18 and then Number 3, a separate condition, the 19 reliability of the regulatory framework.</p> <p>20 A. The -- yes, because the financial 21 performance of the company may depend on other 22 elements as well. So let me give you one 23 explanation for that.</p> <p>24 Let's assume that there is an optimal 25 regulatory framework, which we only can dream</p>

<p>1 about, but the company's marketing is working 2 lousy. So the revenues are not coming. In that 3 case, of course, again, we are unable to pay 4 dividends.</p> <p>5 So that's why it's a separate item, 6 both leading to the same conclusion: If the 7 company is profitable, we can issue dividends. 8 And the profitability of the company is, of 9 course, depending either on the performance of 10 the company itself, that is, let's say that's an 11 internal, internal thing, how smart the managers 12 are and how good the company is, how efficient 13 the company is working and external factors. 14 These are the regulatory -- that's the regulatory 15 framework. So actually, internal and external 16 factors. That's why it's 1 -- 1, 2, 3 listed 17 here.</p> <p>18 Q. Right. But if -- to carry on your 19 hypothetical, if the company was highly 20 profitable in 2005, but the regulatory framework 21 in place at the time was one that the company 22 found highly objectionable --</p> <p>23 A. I am sorry. Yes.</p> <p>24 Q. -- was one that the company objected 25 to --</p>	<p>Page 141</p> <p>1 place that it objected to? 2 MR. BUEHLER: I would object to that. 3 But you can answer. 4 THE WITNESS: These are so hypothetical 5 questions that it's really very difficult to 6 answer.</p> <p>7 The regulatory regime, let me go then into 8 detail, does contain regulations concerning the 9 different prices, interconnection prices, end 10 user prices and so on. It contains obligations 11 to share the infrastructure. It can be, of 12 course, in a very wide range how much they have 13 shared and so on. The regulatory regime does 14 contain provisions for -- for the quality of the 15 regulatory body and organization, and I could go 16 on and on.</p> <p>17 Now, of course you can take something where 18 some elements are highly preferential for us and 19 the others are very bad, but that's -- that's 20 what we are talking. This was a very simple 21 formulation of the following fact. There are 22 external -- the dividend of the company is -- can 23 be only paid if all the external, like regulation 24 in general, and it's not specified, and all the 25 internal and I'm not specifying the management,</p>
<p>1 A. Yes.</p> <p>2 Q. -- the language of the Protocol of 3 Cooperation would give -- would give the company 4 a basis to lower the dividend; is that right?</p> <p>5 A. Very hypothetical. In an unfavorable 6 regulatory regime, a company cannot be 7 profitable. The regulatory regime is a -- is a 8 precondition, but not the only precondition for 9 the company's profitability. Without favorable 10 or acceptable, and we are again taking the 11 European Union standards as a baseline.</p> <p>12 Q. Uh-huh.</p> <p>13 A. If the regulation is according to the 14 European Union standards, then that's the minimum 15 criteria to allow a company to be profitable, and 16 then the next level is, of course, how smart the 17 management is and all the internal things.</p> <p>18 So there is no way to even to imagine a 19 company which is highly profitable despite the 20 fact that it is, let's say, subject of an 21 incorrect regulation.</p> <p>22 Q. So is it your testimony, then, that it 23 would be impossible for MakTel to be profitable, 24 to be highly profitable, and at the same time 25 have portions of the regulatory framework in</p>	<p>Page 142</p> <p>1 and the marketing and anything else; but internal 2 preconditions are good enough for paying higher 3 dividends.</p> <p>4 Q. Right. And the first of these 5 conditions is that, that would all be within the 6 sole discretion of the shareholders of MakTel; is 7 that right?</p> <p>8 A. As --</p> <p>9 Q. Is that what the agreement says?</p> <p>10 A. Yes. At the end of the day, at the end 11 of the day, even if the preconditions do exist, 12 the shareholders have the legal right to decide 13 upon the dividends and the shareholders' 14 assembly, as in every other corporation, in this 15 case as well. They have to vote according to the 16 shares they have.</p> <p>17 Q. And then in Paragraph Number 3, speaks 18 to the frequency fee?</p> <p>19 A. Yes.</p> <p>20 Q. It says, "Matav agrees that the MakTel 21 Group, ie., MakTel and MobiMak, is willing to pay 22 the frequency fee for the 2004 on a pro rata 23 basis until the fall 2005 year. The total amount 24 pro rata 2004 and full year 2005 will be euro 25 2.4 million for the entire MakTel Group, ie.,</p>

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<p>1 MakTel and MobiMak."</p> <p>2 Was -- so at this point was there an</p> <p>3 agreement between the MakTel Group and the</p> <p>4 government of Macedonia on what the -- on the</p> <p>5 frequency fee for those years?</p> <p>6 A. If I read this sentence, it says that</p> <p>7 Matav agrees to pay that much.</p> <p>8 Q. Uh-huh.</p> <p>9 A. I don't see that the government agrees</p> <p>10 to accept that level. And --</p> <p>11 Q. Well, let's look on the second page.</p> <p>12 A. And -- yes.</p> <p>13 Q. Number 7 says, "Matav and the</p> <p>14 government agree on the following procedure</p> <p>15 alongside signing the protocol based on the</p> <p>16 above-listed principles."</p> <p>17 A. Yes.</p> <p>18 Q. "The government at the time and place</p> <p>19 of the signing of this agreement presents its</p> <p>20 instructions to the appropriate authorities to</p> <p>21 solve the pending frequency fee issue with the</p> <p>22 MakTel Group."</p> <p>23 A. Yes.</p> <p>24 Q. "The instructions will include the</p> <p>25 amount of the fee for 2004, 2005, 2006 and beyond</p>	<p>1 themselves, so to say, that, yes, they start to</p> <p>2 solve this problem, I would say in good faith</p> <p>3 based on this. Whether at the end, at the end,</p> <p>4 these amounts will come out as the -- as the --</p> <p>5 instructed fees, I -- I don't even remember, but</p> <p>6 it does definitely says that we should start to</p> <p>7 solve the pending frequency issue. So it was not</p> <p>8 solved at this time and not agreed upon in</p> <p>9 necessary detail.</p> <p>10 Q. I am sorry. Where you said -- where do</p> <p>11 you see the language start to solve the frequency</p> <p>12 fee issue?</p> <p>13 A. My -- I read this as something to be</p> <p>14 started. "Presents each instructions to the</p> <p>15 appropriate authorities to solve."</p> <p>16 If you are instructing something to</p> <p>17 solve, then this is the start of the solution</p> <p>18 process. That's my understanding of the --</p> <p>19 that's the English language.</p> <p>20 Q. Okay. And the instructions would be</p> <p>21 instructions to the regulatory authorities to</p> <p>22 charge frequency fees in the amounts set forth in</p> <p>23 the protocol; is that correct?</p> <p>24 A. It's not defined, unfortunately. So I</p> <p>25 cannot say that there was a security that this</p>
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<p>1 respectively, and it will be enforced by the</p> <p>2 agreement."</p> <p>3 A. Yes.</p> <p>4 Q. So was there an agreement at this point</p> <p>5 between the MakTel Group and the government on</p> <p>6 the frequency fee?</p> <p>7 A. There was an agreement to solve the</p> <p>8 problem in the future as we read this. So</p> <p>9 practically, we have expressed how much we are</p> <p>10 ready to pay. That was, by the way, not an</p> <p>11 arbitrary number. It was not, let's say, taken</p> <p>12 from the air. It was not an invention. It was</p> <p>13 based on very detailed calculation where we have</p> <p>14 looked to benchmarks, to our original agreements</p> <p>15 and so on. So and this was expressed in the</p> <p>16 third paragraph or bullet point.</p> <p>17 Q. Uh-huh.</p> <p>18 A. Okay? Now, we did know that with that</p> <p>19 we are far from the end of an agreement with the</p> <p>20 government. So we have to get an agree -- to an</p> <p>21 agreed position. This may be very well, this one</p> <p>22 what's here or this may be something is different</p> <p>23 if we cannot agree upon. And so we had -- we</p> <p>24 wanted to ask the government and the government</p> <p>25 has signed this. So they have committed</p>	<p>1 will be the instruction. The instruction from</p> <p>2 this was only that they have to start -- they</p> <p>3 have to solve in the coming period the frequency</p> <p>4 fee issue.</p> <p>5 Now, unfortunately, there was no</p> <p>6 commitment that they will solve it in fully</p> <p>7 harmony with our -- with our -- let's say, our</p> <p>8 position stated in Number 3.</p> <p>9 Q. So when you say there was no</p> <p>10 commitment, meaning even though these figures</p> <p>11 were written in the Protocol of Cooperation --</p> <p>12 A. Yes.</p> <p>13 Q. -- and even though the prime minister</p> <p>14 had signed the document, the government at this</p> <p>15 point had not agreed to these numbers?</p> <p>16 A. No. From this I don't read that</p> <p>17 because if they would have agreed upon, then</p> <p>18 there would have been no need for this starting</p> <p>19 to solve -- to solve the problems and so on</p> <p>20 because then we would agree that Matav and the</p> <p>21 government agrees that the Matav group should pay</p> <p>22 so much.</p> <p>23 Q. So --</p> <p>24 A. Unfortunately, this was not the case.</p> <p>25 So I had to assume that there is no agreement on</p>

<p>1 the fixed now -- on the numbers.</p> <p>2 Q. Was the government advocating for a 3 different frequency fee payment amount at this 4 time? I mean as of May 27, 2005?</p> <p>5 A. I don't -- I don't remember the exact 6 timing, but I clearly remember that they were 7 requesting much more and going beyond request. 8 They were also invoicing more earlier. Yes.</p> <p>9 Q. So is it then -- I guess what I am 10 wondering is why -- why you would sign the 11 agreement if the frequency fee was a major issue, 12 and you didn't have a agreement on it, why would 13 you sign the agreement?</p> <p>14 A. First of all is, I don't consider this 15 as an agreement in legal terms. This was a 16 protocol which was signed in order to show where 17 did we stand, in which direction we would like to 18 go.</p> <p>19 Now, this despite its weakness, which 20 you have identified, despite its weaknesses, it 21 shows a direction. A, it clearly says what Matav 22 is ready to do --</p> <p>23 Q. Uh-huh?</p> <p>24 A. -- without, without let's say disputing 25 further legal elements, and I will come to that;</p>	<p>Page 149</p> <p>1 have -- we are in an agreement with the 2 government that they start to work and solve the 3 problem. Again, I estimate it's not here in good 4 faith. That was the expectation.</p> <p>5 Q. Okay. So Number 5, Rebranding?</p> <p>6 A. Yes.</p> <p>7 Q. This is on the second page.</p> <p>8 A. Yes.</p> <p>9 Q. Says, "The government agrees that 10 MobiMak and MakTel could be renamed to T-Mobile 11 Macedonia and/or T-Com Macedonia respectively at 12 Matav/Deutsche Telekom's discretion."</p> <p>13 So was that a solution of the 14 rebranding issue in MakTel's favor?"</p> <p>15 A. That was a resolution of this problem. 16 Yes, we could say in MakTel's favor. We could 17 say that in the favor of the joint company, yes.</p> <p>18 Q. Okay. But under these terms that the 19 company had discretion to rebrand or not rebrand?</p> <p>20 A. Yes. But basically the intention was 21 to rebrand, yes.</p> <p>22 Q. Okay. But it left the decision in the 23 hands of Magyar Telekom and Deutsche Telekom?</p> <p>24 A. Yes. Yes. The government as a 25 shareholder partner of ours was giving its</p>
<p>1 and there is another point that the government is 2 ready to with good faith start to solve the 3 problem.</p> <p>4 Now, these two things were more than 5 nothing, and I think in such a difficult 6 negotiation this is already something we have 7 achieved.</p> <p>8 Now, let me come to this point which I 9 was now mentioning. I told you that there was 10 the -- we did frequency fee. It was not only -- 11 the only problem that how much it should be. The 12 problem was that they have retroactively invoiced 13 the money --</p> <p>14 Q. Uh-huh.</p> <p>15 A. -- without earlier agreement. So 16 practically in a very theoretical way even the 17 ground for invoicing could have been challenged. 18 Now, Matav is in this case expressing its 19 position that we don't challenge the legal 20 background. We don't challenge the whole 21 process, which was as lousy as it can be, we are 22 ready to pay this much because we think this is 23 reasonable. And then we have reached an 24 agreement with the government and that's the 25 agreement, part of it, let's say. Here we</p>	<p>Page 150</p> <p>1 consent to rebrand the company.</p> <p>2 Q. Okay. And then Item Number 6 speaks to 3 the bylaws. And it says, "The bylaws will be 4 brought in a previous consultation with MakTel 5 and Matav. The government of Macedonia will 6 accept all proposals for the bylaws which will be 7 given by MakTel/Matav and which provide an equal 8 and fair treatment on the market and/or in 9 accordance with the new law and the European 10 practice."</p> <p>11 So did that provision give MakTel what 12 it wanted with respect to the drafting of bylaws?</p> <p>13 A. We were getting a promise from the 14 government, which is expressed here, that they 15 will treat us fairly in the regulations. It does 16 not specify the very long list of different 17 provisions. It does not commit in certain 18 provisions to the concrete solution. In that 19 sense, of course, we wished to have more. It 20 would have been better for us to have a draft set 21 of bylaws attached to this and signed, but 22 unfortunately, this was not possible.</p> <p>23 So we were, let's say, at least having 24 an assurance, a kind of intention that, yes, we 25 will behave in a -- in a European manner and work</p>

<p style="text-align: right;">Page 161</p> <p>1 public, that that might threaten the efforts to 2 join the European Union?</p> <p>3 A. That may have been the -- the feeling. 4 I don't know about that, but it may have been the 5 feeling by somebody, but as the matter of fact, 6 we were much better in knowledge of what the 7 European Union is expecting from a country than 8 the Macedonians who were just at the very, very 9 beginning of the -- of this process, and we see 10 after ten years they are still very well before 11 the possibility joining the European Union or 12 perhaps a little bit even further down the road, 13 I mean, going backwards. So their feelings in 14 that sense were not really meaningful.</p> <p>15 Q. Were -- was it an unusual practice at 16 Magyar Telekom for a signed document, a document 17 signed by a chief executive officer of the 18 company on his behalf, you know, with at least 19 important enough to be also signed by a prime 20 minister, for a document like that not to be 21 retained in the company's files at least in a 22 signed version?</p> <p>23 A. First of all, I have to say that I was 24 not dealing with the filing. So, as such, I can 25 only say that most probably these documents are</p>	<p>1 about the reasons was basically coming from him 2 and with my -- it did meet my understanding.</p> <p>3 Q. And so what did you tell Mr. Balogh, if 4 anything?</p> <p>5 A. I understand this, and that's -- and we 6 have the unsigned copies which are was the same, 7 and if necessary, we can get this signed copy any 8 time from -- from Mr. Contominas as I see this 9 here.</p> <p>10 Q. Uh-huh. And did you have any 11 conversations about this with Mr. Gunther?</p> <p>12 A. Yes. Yes. I was explaining to him the 13 same because he's asking for the signed version 14 and then later on accepting my explanation and 15 with that, the story was practically solved again 16 like we stress especially because all of these 17 points, and here we have I think seven or 18 nine points, all of these points were dealt with 19 in different, totally different appropriate 20 documentation. So let me perhaps elaborate on 21 that.</p> <p>22 For the MVNO project, which was not 23 realized later on, which was abandoned due to 24 business reasons, we had separate many business 25 cases, plans, maps, whatsoever. And of course</p>
<p style="text-align: right;">Page 162</p> <p>1 normally stored somewhere, but I was not dealing 2 with this. But let me say that you said that 3 under normal circumstances or usual, something 4 like that you have said in your question, these 5 were not usual circumstances.</p> <p>6 Again, let me say that the tension in 7 the country was -- was incomparable [sic] to the 8 usual circumstances. Again, three years before 9 this time people were on the streets fighting 10 each other with weapons. Our -- our technology 11 there was threatened and also damaged 12 significantly. Two -- two partners in the 13 coalition government were fighting against. The 14 Albanians mostly did call themselves freedom 15 fighters, and they were even very young. So I 16 would not call that situation a usual one, and 17 unusual situation was calling for in that sense 18 unusual discretion.</p> <p>19 Q. So when you were first informed that 20 the only original of the Protocol of Cooperation 21 was being taken to Greece --</p> <p>22 A. Yes.</p> <p>23 Q. -- did you have a conversation with 24 Mr. Balogh about that or anyone else?</p> <p>25 A. Yes. And what I was telling to you now</p>	<p>1 there everything was clearly documented and 2 visible to those who should see that.</p> <p>3 The dividend question was developed by 4 our finance function. It was a proposal. It was 5 approved by everybody. It was first full 6 supported by our financial division. So all in 7 all, this was known by everybody.</p> <p>8 The frequency fee was going up to 9 Brussels because we were complaining in Brussels 10 due to this very high frequency fee and asking 11 from Brussels from our experts on comparable 12 standards and so on.</p> <p>13 So I could continue, but I should not. 14 So all in all, all of these separate points were 15 dealt upon in the necessary places.</p> <p>16 So actually, let me come back to my 17 original remark. This Protocol of Cooperation 18 was a collection of items which were anyway 19 handled, negotiated, documented, as well. So 20 the -- so there was no real need for me to have 21 this concrete document in my safe, so to say.</p> <p>22 MR. DODGE: Can I have Number 22, please, 23 Exhibit 12?</p> <p>24 (Exhibit 12, Protocol of Cooperation, Bates 25 stamped GREEK-MLAT-000009 and 10, marked for</p>

In The Matter Of:
*U.S. Securities and Exchange Commission v.
Elek Straub, Andras Balogh and Tamas Morvai*

*Elek Straub
Vol. 2
August 1, 2014*

*Behmke Reporting and Video Services, Inc.
160 Spear Street, Suite 300
San Francisco, California 94105
(415) 597-5600*

<p>1 Q. -- during that time period, did your 2 understanding of the nature of the 3 representations change in any significant way or 4 were the representations generally pretty 5 consistent from letter to letter during that 6 period?</p> <p>7 A. Could you repeat this question? So 8 maybe I did not only -- so if you can --</p> <p>9 Q. It may be a poorly framed question. 10 We have discussed the 11 representations --</p> <p>12 A. Yes.</p> <p>13 Q. -- made in one particular letter.</p> <p>14 A. Yes. Yes.</p> <p>15 Q. And during the course of 2005, there 16 were additional letters that -- that you signed 17 for Pricewaterhouse, representation letters in 18 connection with quarterly reports.</p> <p>19 A. A report, yes.</p> <p>20 Q. And was it your understanding that the 21 nature of the representations you were making was 22 generally -- generally the same from letter to 23 letter or were there significant changes that you 24 knew of from quarter to quarter?</p> <p>25 MR. BUEHLER: Objection.</p>	<p>1 A. Yes.</p> <p>2 Q. And I wonder if you -- after having 3 reviewed them, can you identify Exhibit 172 as a 4 certification pursuant to Section 302 of the 5 Sarbanes-Oxley Act that -- that you signed or 6 authorized to be signed on your behalf on or 7 about May 11, 2005?</p> <p>8 A. Unfortunately, I don't recall anymore 9 the -- the type of the document. So I am 10 expecting your questions, but I don't remember 11 the document.</p> <p>12 Q. Okay. Do you generally recall signing 13 certifications pursuant to the Sarbanes-Oxley Act 14 in connection with the company's 20-F filings?</p> <p>15 A. I don't think I would use the word 16 "generally" because we started to report 17 according to Sarbanes-Oxley only in -- according 18 to my recollection, in 2005, and then I have left 19 the company. So it's actually -- it was not a 20 general practice, for me at least.</p> <p>21 Q. Okay.</p> <p>22 A. But we have done what was requested 23 from us to do, we have done.</p> <p>24 Q. Magyar Telekom's 20-F filing for the 25 calendar year 2004, if I represented to you that</p>
<p>1 THE WITNESS: If I recall it well, these 2 representations did contain certain -- certain 3 elements which were almost the same from quarter 4 to quarter, and then those letters did contain 5 certain concrete items which were changing, 6 staying for a while or changing. So practically 7 they were always updated to the necessary status 8 of the knowledge, so to say.</p> <p>9 BY MR. DODGE:</p> <p>10 Q. Okay.</p> <p>11 A. I could find examples for, but --</p> <p>12 MR. DODGE: Let's -- that's fine. I think 13 that answers my question.</p> <p>14 Could I have 133 or 134?</p> <p>15 (Plaintiff's Exhibit 172, Document dated 16 May 11, 2005, marked for Identification.)</p> <p>17 (Plaintiff's Exhibit 173, Document dated 18 May 11, 2005, marked for Identification.)</p> <p>19 BY MR. DODGE:</p> <p>20 Q. Mr. Straub, I have handed you documents 21 that have been marked Exhibits 172 and 173, both 22 dated May 11, 2005. These have been printed out 23 from an online service under the SEC's Edgar, 24 E-D-G-A-R, website which maintains public filings 25 of public companies.</p>	<p>1 that was filed on or about May 11, 2005, would 2 that sound like the right time period?</p> <p>3 A. Yes.</p> <p>4 Q. And if Exhibit 172 and Exhibit 173 5 appear as part of the 20-F filing that was made 6 by Magyar Telekom in May of 2005, would you have 7 any reason to doubt that -- that the 8 certifications are the certifications that you, 9 in fact, made in connection with the 2004 20-F 10 filing?</p> <p>11 A. I wouldn't doubt it. No.</p> <p>12 MR. DODGE: Okay. I am ready to pass the 13 witness now. I apologize for the --</p> <p>14 MR. BUEHLER: Fine. I would be interested 15 to take a five-minute break just to be organized. 16 I guess we can go off the record.</p> <p>17 MR. DODGE: Off the record, please.</p> <p>18 THE VIDEOGRAPHER: We are now off the 19 record. The time is 4:40 p.m., August 1st, 2014.</p> <p>20 (Break taken.)</p> <p>21 THE VIDEOGRAPHER: We are now back on the 22 record. The time is 4:53 p.m., August 1st, 2014.</p> <p>23 EXAMINATION BY</p> <p>24 MR. BUEHLER:</p> <p>25 Q. Okay. Mr. Straub, I am going to be</p>